CHAPTER 1
What Is Public Policy?

Government in the United States has grown from a small, simple "night
watchman state" providing defense, police protection, tax collection, and some
education into an immense network of organizations and institutions affecting
the daily lives of all citizens in countless ways. The United States is not a welfare
state in the sense that most European states are, but there is now an extensive
array of social and health programs that serve an increasing proportion of the
population. The size and complexity of modern government make it necessary
to understand what public policies are, how those policies are made and changed,
and how to evaluate the effectiveness and morality of policies.

Government in the United States is large. Today its revenues account for
one dollar in three of total national production. This money is rarely wasted;
most of it returns to citizens through a variety of cash benefit programs or in the
form of public services. Likewise, one working person in six is employed by
government—mostly in local governments. But the range of activities of modern
government in the United States is not confined to such simple measures as
spending money or hiring workers. Governments also influence the economy
and society through many less-obvious instruments such as regulation, insurance,
and loan guarantees.

Government in the United States today also is complex and is becoming
more complex every day. The institutions of government are becoming more
complicated and numerous. More than 89,500 separate governments now exist
in the United States, many of which provide a single service and undergo little
or no public oversight through elections. Much public business is now
conducted through public corporations and quasi-autonomous public bodies.
There are also a number of increasingly complex relationships between the pub-
lic and private sectors, as the private and not-for-profit sectors are becoming
heavily involved in delivering public services. The subject matter of govern-
ment policy is more complex and technical than it was even a few years ago.
ments must make decisions about the risks of nuclear energy, the reliability of technologically sophisticated weapons systems, and the management of remarkably convoluted economic systems. Attempting to influence complex problems—poverty, homelessness, deficiencies in education—even more difficult than addressing problems arising in the physical world, given the absence of a proven method of solving social problems. Even when the subject matter of policy is less complex, increasing demands for participation and accountability make managing a public sector a difficult undertaking, often more difficult than managing the economy and society. Outputs may be virtually synonymous with the term program as it is commonly used in government circles.

Finally, at the third level, we have policy impacts—the effects that policy choices and policy outputs have on citizens, such as making them wealthier or healthier, or the air they breathe less polluted. These impacts may be influenced in part by other factors in the society—economic productivity, education, and the like—but they also reflect to some degree the success or failure of public policy choices and outputs. These policy impacts also may reflect the interaction of a number of different programs. Successful alleviation of poverty, for example, may depend upon a number of social programs, education, economic programs, and the tax system. If any of these does not perform well, it may be impossible for government, and the society it represents, to reach its desired goals.

Several aspects of public policy require some explanation. First, although we are focusing on the central government in Washington, we must always remember that the United States is a federal system in which a large number of subnational governments also make decisions. Even when they attempt to cooperate, the levels of government often experience conflicts over policy. For example, attempts by the Bush administration to enforce national standards for education through the No Child Left Behind program encountered opposition from the states and eventually also from Congress, each with its own ideas about what those standards should be and how they should be enforced. Even within the federal government, the actions of one agency may conflict with those of another. The U.S. Department of Agriculture, for example, subsidizes the growing of tobacco, while the U.S. Office of the Surgeon General encourages citizens not to smoke.

Second, not all government policies are implemented by government employees. Many are actually implemented by private organizations or by individual citizens, and the involvement of the private sector in implementation continues to increase. We must understand this if we are to avoid an excessively narrow definition of public policy as concerning only those programs directly administered by a public agency. A number of agricultural, social, and health policies involve the use of private agencies operating with the sanction of, and in the name of, government. Even the cabinet attendant on an airplane making an announcement to buckle seat belts and not to smoke is implementing a public policy. As government has begun to use an increasing number of alternative mechanisms, such as contracts, for implementation, private sector providers are becoming increasingly important in delivering public policy.

Even if a government is to implement a program directly, it may not act through its own employees. The federal government in particular depends on state and local governments to implement a large number of its programs, including major social programs such as Medicaid, the “workfare” reforms to the welfare system, and a good portion of environmental policy. The degree of
control that the federal government can exercise in those instances may be as null as, or even smaller than, when programs are delivered through private sector agents, who often depend on government for contracts and loans and therefore may be very compliant with demands from Washington.

Third, and most important, we are concentrating on the effects of government choices on the lives of individuals within the society. The word policy is commonly used in a number of ways. In one usage it denotes a stated intent of government, as expressed in a piece of legislation or a presidential speech. Unfortunately, any number of steps are required to turn a piece of legislation into an operating program, and all too frequently significant changes in the intended effects of the program result from difficulties in translating ideas and intentions into actions. In this analysis we will place greater emphasis on the effects of policies than on the intentions of the individuals who formulated them. We must also have some degree of concern for the legislative process, which produces the good intentions that may or may not come to fruition.

Our definition recognizes the complexity and the interorganizational nature of public policy. Few policy choices are decided and executed by a single organization or even a single level of government. Instead, policies, in terms of their effects on the public, emerge from a large number of programs, legislative intentions, and organizational interactions that affect the daily lives of citizens. For example, environmental issues now are handled not only by the Environmental Protection Agency but also by the Department of the Interior, the Department of Agriculture, the Department of Health and Human Services, and even the Department of Defense. This conception of policy also points to the frequent failure of governments to coordinate programs, with the consequence that programs cancel each other out or produce a costly duplication of effort. The question about government that Harold Lasswell posed many years ago, “Who gets what?” is still central for understanding public policy.

The Instruments of Public Policy

Governments have a number of instruments through which they can influence society and the economy and produce changes in the lives of citizens. For example, government can choose to provide education by directly supplying that service, by providing vouchers that parents can use to pay for their children’s education, or by subsidizing privately managed charter schools (see chapter 13). The choice of which instrument to employ for any particular situation may depend on the probable effectiveness of the instrument, its political palatability, the experiences of the policy designers, and national or organizational tradition. Furthermore, some policy instruments may be effective in some circumstances but not in others. Unfortunately, governments do not yet have sufficient knowledge about the effects of their “tools,” or the relationship of particular tools to particular policy outcomes, to be able to make effective matches. It appears that most choices are now made out of habit and familiarity, not out of certain knowledge of effectiveness.

Law

Law is a unique resource of government. It is not available to private actors, who have access to the other instruments of policy discussed here. Governments have the right to make authoritative decrees and to back up those decrees with the legitimate power of the state. In most instances, simply issuing a law is sufficient to produce compliance, but monitoring and enforcement are still crucial to the effectiveness of the instrument. Citizens may obey speeding laws most of the time, but the prospect of a policeman with a radar set makes compliance more probable. Citizens daily obey many laws without thinking about them, but police, tax collectors, and agencies monitoring environmental damage, occupational safety, and product safety (to name only a few) are also busy attempting to ensure compliance through their enforcement activities.

We should make several other points about the use of law as an instrument of public policy. First, laws are used as the means of producing the most important outputs of government: rights. Such laws are usually of a fundamental or constitutional nature and are central in defining the position of citizens in society. In the United States the fundamental rights of citizens are defined in the Constitution and its amendments, but rights also have been extended in a variety of other legislation. This extension has been most significant for the rights of nonwhites and women, as reflected in the passage of the Voting Rights Act of 1965, the Equal Employment Opportunity Act of 1972, and the Civil Rights Act of 1991. The Americans with Disabilities Act (1990) extended a variety of rights to people with various forms of disability, with the courts tending to expand the applicability of that law to groups, such as AIDS sufferers, for whom it was perhaps not intended by the framers of the legislation. Law is now being used by some groups to attempt to extend rights to homosexuals, and other groups also use law to attempt to limit those rights (see chapter 16).

Second, the United States uses laws to regulate economic and social conditions to a greater extent than most countries do. The United States is frequently cited as having a small public sector in comparison with other industrialized countries because of lower levels of taxing and spending. If, however, the effects of regulations are included, government in the United States approaches being as pervasive as it is in Europe. The costs of government’s interventions in the United States tend to appear in the price of products, however, as much as in citizens’ tax bills. This indirect effect of intervention tends to be less visible to the average citizen than a tax and therefore is more palatable in a society that tends to be skeptical about government.
Third, law can be used to create burdens as well as benefits. This is certainly e for tax laws and is also true, for example, of legislation that mandates the ycling of metal, glass, and plastic. Often a law that creates benefits for one up of citizens is perceived by others to be creating a burden; environmental vs satisfy conservationists but often impose costs on businesses. Any action of vernment requires some legal peg on which to hang, but the ability of a simple ece of paper to create both rights and obligations is one of the essential features American public policy.

services
governments also provide a number of services directly to citizens, ranging om defense to education to recreation. In numbers of people employed, educat on is by far the largest directly provided public service, employing more than ine million people. The Department of Defense employs just under another free million people, military and civilian. Government tends to provide services when there is a need to ensure that the service is provided in a certain way (eduation) or where the authority of the state (policing) is involved. Furthermore, services tend to be delivered directly to parts of the population that are less capable of making autonomous decisions on their own, such as children and the mentally impaired.

The direct provision of public services raises several questions, especially as continuing pressures exist for government to control expenditures and to “privatize.” An obvious question is whether the direct provision of services is the most efficient means of ensuring that a service is delivered to citizens. Could that service be contracted out instead? A number of public services have been contracted out to private corporations, including traditional government services such as firefighting, tax collection, and operating prisons. Contracting out removes the problem of personnel management from government, a problem magnified by the tenure rights and pension costs of public employees under merit systems. Also, government tends to build a capacity to meet maximum demand for services such as fire protection and emergency medical care, resulting in underutilization of expensive personnel and equipment. This tendency to create too much capacity can be corrected in part by contracting out.

Another interesting development in the direct provision of services is the use of quasi-governmental organizations to provide services. There are some services that government does not want to undertake entirely but that require public involvement for financial or other reasons. The best example is Amtrak, a public involvement for financial or other reasons. The best example is Amtrak, a public involvement for financial or other reasons. The best example is Amtrak, a decline in rail service in the United States. Government may also choose quasi-declining rail service in the United States. Government may also choose quasi-governmental organizations for programs that require a great deal of coordination with private sector providers of the same service, or when the service is in

essence a marketable one. At an even greater degree of separation, governments also use for-profit organizations to provide public services. The George W. Bush administration pressed for wider use of such organizations, especially faith-based organizations. President Obama continued the emphasis, working to mobilize not-for-profit organizations early in his administration.

Money
Governments also provide citizens, organizations, and other governments with money. Approximately 62 percent of all money collected in taxes by the federal government is returned to the economy as transfer payments to citizens. Transfers to citizens range from Social Security and unemployment benefits to payments to farmers to support commodity prices. Interest on the public debt is also a form of transfer payment, one that now absorbs nearly 8 percent of total federal spending. Another 12 percent of tax receipts is transferred to other levels of government to support their activities.

The use of money transfers to attempt to promote certain behaviors is in many ways an inefficient means for reaching policy goals. The money paid out in Social Security benefits, for example, is intended to provide the basics of life for the recipients, but nothing prevents those recipients from using it to buy food for their pets rather than for themselves. The claims about how “welfare” payments are used and abused are legion, if often inaccurate. Thus, although the direct provision of services is costly and requires hiring personnel and erecting buildings, many transfer programs, though less expensive, are much less certain of reaching the individuals and achieving the goals for which they were intended.

Money dispersed to other levels of government can be restricted or unrestricted. Of the almost $450 billion given to state and local governments in 2007, most was distributed as categorical grants, with an increasing proportion being given as block grants. Categorical grants channel resources more directly to the problems identified by the federal government as needing attention, but they also tend to centralize decision making about public policy in Washington. Categorical grants also tend to encourage state and local spending through matching requirements and to create clienteles that governments may not be able to eliminate after the federal support has been exhausted. Although this pattern of funding was largely associated with social and economic programs, the Clinton administration’s program for funding the hiring of additional policemen created expectations among citizens that local governments will have to fulfill in the future, and Homeland Security funding has created the same effect after the Bush administration.

The federal government has less control over the impact of block grants than over the effects of categorical grants. Block grants allow greater latitude for state and local governments to determine their own priorities, but most still have
ne strings attached. Also, giving block grants to the states tends to concentrate power in state governments, rather than allowing local (especially city) governments to bargain with Washington directly. Given that state governments are, on average, more conservative than local governments—especially large city governments that need federal grant money the most—block grants have been a useful tool for Republican administrations.  

xes government giveth and the government taketh away. But the way in which states choose to take away may be important in changing the distribution of benefits in society. In the United States we are familiar with tax “loopholes,” or, more properly, tax expenditures. The latter term is derived from the idea that granting tax relief for an activity is the same as subsidizing that activity directly through an expenditure program. For example, in 2004 the federal government did not collect $61.5 billion in income tax payments because of mortgage interest deductions, and another $20 billion because state and local property taxes were deductible. This is in many ways exactly the same as governments subsidizing private housing in the same amounts, a sum far greater than the amount spent on public housing by all levels of government. The use of the system as a policy instrument as well as for revenue collection is perhaps even more certain in its effects than transfer payments, for the system is essentially providing incentives rather than mandating activities. Citizens have a strong incentive to buy a house, but there is no program to build houses directly. These instruments are, however, very cheap to administer, given that citizens make all the decisions and then file their own tax returns.  

Taxes may also be used more directly to implement policy decisions. For example, there are proposals to substitute taxes on pollution for direct prohibitions and regulations of emissions. The logic is that such an action would establish a “market” in pollution; those firms willing to pay the price of polluting would be able to pollute, while those less willing (or, more important, less able) because of inefficient production means would have to alter their modes of production or go out of business. The use of market mechanisms is assumed to direct resources toward their most productive use, whereas regulations at times may inhibit production and economic growth. Critics argue that what is being reallocated is a “market in death,” when the only real solution to the problem is the prohibition or severe restriction of pollution.  

Tax incentives are a subset of all incentives available to government to encourage or discourage activities. The argument for their use, as was well expressed by Charles Schulze, is that private interests (e.g., avarice) can be used for public purposes. If a system of incentives can be structured effectively, then demands on the public sector can be satisfied in a more efficient and inexpensive manner than through direct regulation. Clearly, this form of policy instrument is applicable to a rather narrow range of policies, mostly those now handled through command and control regulation, but even in that limited range the savings in costs of government and in the costs imposed on society may be significant. The use of such incentives also conforms to traditional American ideas about limited government and the supremacy of individual choice.  

Other Economic Instruments  

Government has a number of other economic weapons at its disposal. Governments supply credit for activities such as a farmer’s purchase of land and supplies. When it does not directly lend money, the government may guarantee loans, thus making credit available (e.g., for student loans or FHA mortgages) where it might otherwise be denied. Governments can also insure certain activities and property. For example, federal flood insurance made possible the development of some lands along the coasts of the United States, thereby creating both wealth and environmental degradation. Almost all money in banks and thrift institutions is now protected by one of several insurance corporations within the federal government. Thus, in the economic downturn of 2008 and 2009 individual bank accounts were protected.  

Although these instruments may be important to their beneficiaries and may influence the spending of large sums of money, they do not appear as large expenditures in most government accounting schemes. Thus, as with regulations and their costs, the true size of government in the United States may be understated if one looks simply at expenditure and employment figures. In addition, the ability of these programs to operate “off budget” makes them not only less visible to voters but also more difficult for political leaders and citizens to control. Only when there are major problems, as in the bursting of the housing bubble and the credit crisis in 2008, do government insurance, guarantee schemes, and federal “bailouts” make the news.  

Suasion  

When all other instruments of policy fail, governments can use moral suasion to attempt to influence society. Government as a whole or particular political officials are often in a good position to use such suasion because they can speak in the name of the public interest and make those who oppose them appear unpatriotic and selfish. As Theodore Roosevelt said, the presidency is a “bully pulpit.” Suasion, however, is often the velvet glove disguising the mailed fist, for governments have formal and informal means of ensuring that their wishes are fulfilled. So when John F. Kennedy “jawboned” steel industry officials to roll back a price increase, the patriotism of the steel officials was equalled by their fear
of lost government contracts and Internal Revenue Service investigations of their corporate and personal accounts.

Suaion is an effective instrument as long as the people regard the government as a legitimate expression of their interests. There is evidence that the faith and trust of American citizens in government has been declining (see Table 1.1) in response to the excesses of Vietnam, Watergate, budget deficits, the inadequate response to Hurricane Katrina, and so forth. Congress members in particular are regarded very poorly by the public. As governments lose some of their legitimacy, their ability to use suaion naturally declines, pushing them toward more direct tools of intervention; that could lead to increases in government employment and taxation and perhaps to an accelerated downward spiral of government authority. In 2005 the public viewed Congress members only slightly more favorably than car salesmen, who anchored the bottom of the scale. On the other hand, policemen had achieved a major increase in respect, in part because of their heroism after 9/11. One exception to the trend of declining trust in government may be in times of war, as President George H. W. Bush showed during the Persian Gulf crisis. The second President Bush also used suaion and

Table 1.1: Public Perception of Honesty and Ethics in Various Professions (percentages of “Very high” and “High” responses combined)

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<td>62</td>
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<td>Medical doctors</td>
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<td>50</td>
<td>52</td>
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<td>College teachers</td>
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<td>52</td>
<td>n.a.</td>
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<td>Engineers</td>
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<td>43</td>
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<td>48</td>
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<td>n.a.</td>
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<td>Policemen</td>
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<td>47</td>
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<td>42</td>
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<td>Journalists</td>
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<td>24</td>
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<td>12</td>
<td>16</td>
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<td>17</td>
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<td>Members of Congress</td>
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Note: n.a. = not available.

manipulated powerful national symbols in the “war on terror,” although his ability to do so declined as his term ended.

The Effects of Tools

Governments have a number of instruments with which they attempt to influence the economy and society by distributing what burdens and benefits they have at their disposal. The most fundamental benefits governments have to confer are rights. These are largely legal and participatory, but with the growth of large entitlement programs that distribute cash benefits to citizens, rights may now be said to include those programs as well.

Governments also distribute goods and services. They do so directly by giving money to people who fall into certain categories (e.g., the unemployed) or by directly providing public services such as education. They also do so less directly by structuring incentives for individuals to behave in certain ways and to make one economic decision rather than another. Governments also distribute goods and services through private organizations and through other governments, in attempts to reach their policy goals. A huge amount of money flows through the public sector, where it is shuffled around and given to different people. The net effect is not as great as might be expected from the number of large expenditure and revenue programs in operation in the United States, but that effect is to make the distribution of income and wealth somewhat more equal than would be the case through the market alone.

Finally, governments distribute burdens as well as benefits. They do this through taxation and through programs such as conscription for military service. Like expenditures, taxes are distributed broadly across the population, with state and local taxes tending to be collected from an especially broad spectrum. Even the poorest citizens have to pay sales taxes on many things they purchase, and they must pay Social Security taxes as soon as they begin to work. In other words, everyone in society benefits from the activities of government, but everyone also pays for them.

The Environment of Public Policy

Several characteristics of the political and socioeconomic environment in the United States influence the nature of policies adopted and the effects of those policies on citizens. Policy is not constructed in a vacuum; it is the result of the interaction of all the background factors with the desires and decisions of those who make policies. Neither individual decision makers nor the nature of “the system” appears capable alone of explaining policy outcomes. Instead, policy emerges from the interaction of a large number of forces, many of which are beyond the control of decision makers.
American politics is relatively conservative in policy terms. The social and economic services usually associated with the mixed-economy welfare state are generally less developed in the United States than in Europe, and to some extent they have declined since the 1990s. In general that is the result of the continuing American belief in limited government. As Anthony King has said, "The State lays a more limited role in America than elsewhere because Americans, more than other people, want it to play a limited role." The Republican domination of electoral politics for much of the past three decades emphasizes the underlying conservatism of Americans. The election of Barack Obama, however, also shows that there are limits to that conservatism and that the American public has some underlying commitment to social values.

Several points should be brought out that counter the description of American government as a welfare state laggard. First, the government of the United States regulates and controls the economy in ways not common in Europe, and in some areas, such as consumer product safety, it appears to be ahead of many European governments. If the effects of regulation are tabulated along with more direct public interventions into the economy, the U.S. government appears more similar to those of other industrialized countries. We also tend to forget about the activities of state and local governments, which frequently provide gas, electricity, water, and even banking services to their citizens.

It is easy to underestimate the extent of the changes in public expenditures and the public role in the economy that followed World War II. Let us take 1948 as the starting point. Even in that relatively peaceful year, defense expenditures were 29 percent of total public expenditures and 36 percent of federal expenditures. At the height of the Cold War, in 1957, defense expenditures were 52 percent of federal expenditures and 37 percent of total public expenditures. In contrast, in 2006 defense expenditures were 7 percent of total expenditures and 15 percent of federal expenditures. Spending on social services—including education, health, social welfare, and housing—increased from 7 percent of total spending in 1948 to over 64 percent in 2003. Even for the federal government, social spending now accounts for more than 50 percent of total expenditures. American government and its policies may be conservative, but they are less so than commonly believed, and less so in the early twenty-first century than in the 1950s.

It is also easy to overestimate the conservatism of the American public because Americans are often very ambivalent about government. Lloyd A. Free and Hadley Cantril described Americans as "ideological conservatives" and "operational liberals" because they tend to respond negatively to the idea of (e.g., Social Security, police protection, and education). For example, a majority of voters leaving the polls in California after voting in favor of Proposition 13, to cut taxes severely in that state, were in favor of reducing public expenditures for only one program—social welfare. For most programs the researchers mentioned, larger percentages of respondents wanted to increase expenditures than wanted to reduce them. Likewise, citizens express great skepticism about government in polls, but in the 2008 elections the voters approved most propositions on state and local ballots to raise revenues for specific purposes, as well as voting for a liberal president and Congress. The huge federal deficit is to some degree a function of this set of mismatched ideas about government; politicians can win votes both by advocating reducing taxes and by advocating spending for almost any program. For example, surveys show that the majority of Americans believe that they pay too much tax and that the federal government wastes almost half of all the tax money it collects. On the other hand, there are generally majorities in favor of a variety of social programs, especially those for the more "deserving poor"—the elderly, unemployed workers whose companies have closed, divorced and widowed mothers, and the like. Further, although Americans dislike the idea of socialized medicine, they also dislike the inequality in health in the United States (see chapter 11).

Participation

Another attitudinal characteristic that influences public policy in the United States is the citizen's desire to participate directly in government. A natural part of democratic politics, public participation has a long history in the United States. The cry "No taxation without representation" was essentially a demand to participate. More recently, populist demands for participation and the right of "the little man" to shape policy have been powerful political forces. In a large and decentralized political system that deals with complex issues, however, effective participation may be difficult to achieve. Although the 2008 elections saw an increase in voter turnout, especially among young people and minorities, the low rate of participation in most elections appears to indicate that citizens do not consider the voting process a particularly effective means of influencing government. Furthermore, many experts believe that citizens are not sufficiently informed to make decisions about such complex technical issues as nuclear power. Still, citizens argue that they should and must have a role in those decisions.

Government has increasingly fostered participation. The laws authorizing "community action" in 1964 were the first to mandate "maximum feasible participation" of the affected communities in urban renewal decisions. Similar language was written into a number of other social and urban programs. The regulatory process also imposes requirements for notification and participation.
President Obama, who appealed to the American people with an all-inclusive message of unification that defies partisanship. The institutions of government have begun to respond to demands for effective participation, and empowerment has become one of the more commonly used words in government circles. Balancing popular demands for greater direct democracy with the requirements of governing an immense landmass with over 300 million citizens will continue to be a challenge for American democracy.

Pragmatism

The reference to ideological desires seemingly contradicts another cultural characteristic of American policymaking: pragmatism—the belief that one should do whatever works rather than follow a basic ideological or philosophical system. American political parties have tended to be centrist and nonideological; perhaps the surest way to lose an election in the United States is to discuss philosophies of government. Ronald Reagan questioned that characteristic of American politics to some degree, interjecting an ideology of government that was partly continued by George H. W. Bush. Bill Clinton's self-description as a "new Democrat" represented a return to greater pragmatism. George W. Bush claimed to be a "compassionate conservative" in his first election campaign, but his style, and especially that of members of Congress, transformed American politics into something of a battle of ideologies.

One standard definition of what will work in government is, "That which is already working," and so policies tend to change slowly and incrementally. The fundamentally centrist pattern of U.S. political parties tends to produce agreement on most basic policies, and each successive president tends to juggle and poke policy but not attempt significant change. A crisis such as the Great Depression or a natural political leader such as Reagan may introduce some radical changes, but stability and gradual evolution are the most acceptable patterns of policymaking. Indeed, American government is different after Reagan but not as different as he had hoped or intended. Nor was George W. Bush able to change very much of the system, and it remains to be seen whether Barack Obama will bring about the type of grand change that he proposed during his campaign. The battle over reform of Social Security typifies this persistence of policies (see chapter 12). There has been concern about the financial soundness of this crucial program for years, but no agreement has coalesced on the direction or degree of change. The pragmatism of the policy process in the United States was clearly manifested in the defeat in 2005 of attempts at radical change in the Social Security program.

Even so, the pragmatism of American politics has been declining. Several issues over which there appears to be little room for compromise have split the
American public. The obvious example is the abortion issue, which intruded into the debate over national health care reform during the Clinton administration, with some members of Congress refusing to support any bill that paid for abortions and others opposing any bill that did not. Other issues with a moral, religious, or ethnic basis also have taken more prominent places in the political debate, leaving fewer possibilities for compromise or pragmatic resolution of disputes. The religious right has become especially important in the internal politics of the Republican Party, as groups such as the Christian Coalition and the Family Research Council have taken over at local and even state levels and attempted to shape the party's national policies.

The seeming decline in pragmatism in American politics is not just a function of religion. The political parties themselves have become more ideological. Congressional politics has become more sharply divided along party lines, and compromise has become much more difficult to achieve. Even when the country was facing potential financial disaster, President Obama's stimulus plan received no Republican votes in the Senate, and only three in the House. Citizens say that they do not like the wrangling among parties, but the parties seem more committed to their own views of politics than in the past.

Wealth

Another feature of the environment of American public policy is the country's great wealth. Although it is no longer the richest country in the world in per capita terms, the United States is the largest single economy in the world by a large margin. This wealth permits the U.S. government great latitude for action, so that even the massive deficits experienced in the 1980s and 1990s (and now recurring in the twenty-first century) have not required government to alter its fiscal policies. The federal government can continue funding a huge variety of programs and policy initiatives, even while trying to control the size of the budget (see chapter 7).

That great wealth is threatened by two factors, however. First, the U.S. economy is increasingly dependent on the rest of the world. That is apparent in financial and monetary policy, as the United States has become the world's largest debtor, but it is true especially in dependence on raw materials from abroad. We are familiar with the nation's dependence on foreign oil, but the economy is also heavily dependent on other countries for a range of commodities necessary to maintain its high standard of living. The American economy historically has been relatively self-sufficient, but increasing globalization in recent decades has emphasized its relationship to the world economy.

Wealth in the United States is also threatened by the relatively slow rate of capital investment and savings. The average American worker is still very productive but has lost some ground to workers in other countries. Also, many U.S. factories are outdated, so competition on the world market is difficult. These factors, combined with relatively high wages, mean that many manufacturing jobs have gone overseas, and more are likely to do so. The U.S. government has had to borrow abroad to fund its deficits, and the country has chronic balance of payments problems because exports trail imports. Such international trade problems are not often direct domestic concerns of American politicians, although the Democrats have attempted to make them more of a concern in recent presidential campaigns.

In addition to the changing distribution of wealth in the United States relative to the remainder of the world, the internal distribution of wealth has been changing. Although there was substantial economic growth in the first decade of the twenty-first century, most of economic growth went to the most affluent segments of society, while the real earnings of most citizens were stagnant or even declining. The economic (and political) strength of the United States has been built on a large middle class, a group that is now under threat.

Diversity

The diversity of the American society and economy provides a great deal of richness and strength to the country, as well as real policy problems. One of the most obvious diversities is the uneven distribution of income and wealth. Even with the significant social expenditures mentioned earlier, approximately thirty-seven million people in the United States live below the poverty line (see chapter 12). The persistence of poverty in the midst of plenty remains perhaps the most fundamental policy problem for the United States, if for no other reason than that it affects so many other policy areas, including health care, housing, education, crime, and race relations. Moreover, there is growing concentration of income and wealth in the very affluent stratum at the top of society that may undermine confidence in the economic and social justice of the political system.

Diversity of racial and linguistic backgrounds is another significant factor affecting policy in the United States. The underlying problems of social inequality and racism persist despite many attempts to correct them. The "two Americas" had never been so visible as they were in New Orleans after Hurricane Katrina. The concentration of minority group members in urban areas, the continuing influx of immigrants, and the uprooting economic distress of some cities combine to exacerbate the underlying problems. Again, this diversity affects a variety of policy areas, especially education. Race in particular pervades policymaking and politics in the United States, and that fundamental fact conditions our understanding of education, poverty, and human rights.

The social and economic characteristics of the country taken as a whole are also diverse. The United States is both urban and rural, both industrial and
Cultural, both young and old. It is a highly educated society with several
ing illiterates; it is a rich country with millions of people living in poverty.
At least one state, California, there already is no majority ethnic group, and in
generations that may be true for the country as a whole. American policy-
makers cannot concentrate on a single economic class or social group but must
provide something for everyone if the interests of the society as a whole are to be
served. But serving that whole range of social interests forces government to
pursue other purposes the resources that could be applied to rectifying the
worst inequalities of income and opportunity.

World Leadership
The United States is an economic, political, and military world leader. Since the
collapse of the Soviet Union, it is the only remaining superpower. If America
were, the world still catches cold because the sheer size of the American econ-
omy is so important in influencing world economic conditions, as the 2008
financial crisis demonstrated. Despite the upheaval in global political align-
ments, the world still expects military and diplomatic leadership for the West to
come from the United States. For example, the heavy involvement of the
American military in Iraq and Afghanistan may have made world response to
humanitarian crises in Darfur and other parts of Africa less feasible.

The U.S. position as world leader imposes burdens on American policymak-
ers. Although the Cold War had ended, the role of peacemaker required a good
deal of U.S. military might even before the "war on terror" escalated military
spending. Burdens also arise from the need to provide diplomatic and political
leadership. The U.S. dollar, despite some battering and significant competition,
is still a major reserve currency in the world economy, and that status imposes
additional economic demands on the country. The role of world leader is an
exhilarating one, but it is also one filled with considerable responsibility and
economic cost. Indeed, the globalization of the economic system is making many
Americans rethink the desirability of major international involvement. American
acceptance of such a role may also be waning as the costs (human and material)
of involvement in Iraq and Afghanistan and a greater sense of insecurity at home
have turned more attention inward rather than outward to the world.

The policies that emerge from all these influences are filtered through a large
and extremely complex political system. The characteristics of that government
and the effects of those institutional characteristics are the subject of
the next chapter. Policy choices must be made, and thousands are made each day
in government; the sum of those choices, rather than any one, decides who gets
what as a result of public policies. In the United States, more than in most
countries, there are a number of independent decision makers whose choices must be
factored into the final determination of policy.

Summary
American public policy is the result of complex interactions among a number of
complex institutions. It also involves a wide range of ideas and values about what
the goals of policy should be and what are the best means of reaching them. In
addition to the interactions that occur within the public sector are the interac-
tions with an equally complex society and economy. Indeed, society is playing an
increasingly important role in policymaking and implementation, with reforms
in the public sector placing increasing emphasis on the capacity of the private
sector to implement, if not make, public policy.

Making policy requires reaching some form of social and political consen-
sus among all these forces. There does not have to be full agreement on all the
details and all the points of policy, but enough common ground must be found
to pass and implement legislation. Building those coalitions can extend beyond
reaching ideological agreement to include bargaining and horse-trading, which
assign a central role to individual policy entrepreneurs and brokers. There is so
much potential for blockage and delay in the American political system that
some driving force may be needed to make it function.
Chapter 2
The Structure of Policymaking in American Government

The structures through which public policy is formulated, legitimated, and implemented in the United States are extremely complex. It could be argued that American government has a number of structures but no real organization, for the fundamental characteristic of the structures is the absence of effective coordination and control. The absence of central control is largely intentional. The framers of the Constitution were concerned about the potential for tyranny of a powerful central executive; they also feared the control of the central government over the constituent states. The system of government the framers designed divides power among the three branches of the central government and further between the central government and state and local governments. As the system of government has evolved, it has become divided even further, as individual policy domains have been able to gain substantial autonomy from central coordination. To understand American policymaking, therefore, we must understand the extent of the fragmentation that exists in this political system and the (relatively few) mechanisms devised to control that fragmentation and enhance coordination.

The fragmentation of American government presents some advantages. First, having a number of decision makers involved in every decision should reduce errors, as all must agree before a proposal can become law or be implemented as an operating program; there will be full deliberation. The existence of multiple decision makers should also permit greater innovation both in the federal government and in state and local governments. And as the framers intended, diffused policymaking power reduces the capacity of central government to run roughshod over the rights of citizens or the interests of socioeconomic groups. For citizens, the numerous points of access to policymaking permit losers at one level of government, or in one institution, to become winners at another point in the process.
Americans also pay a price for this lack of policy coherence and coordination. It is sometimes difficult to accomplish anything and elected politicians with policy ideas find themselves thwarted by the large number of decision points in the policymaking system. The policymaking situation in the United States in the 1980s and 1990s was described as "gridlock," in which the different institutions blocked each other from developing and enforcing policies. The crisis provoked by the attacks of September 11, 2001, eliminated that gridlock for a short period, but it soon returned, even in some aspects of national security. For example, the USA PATRIOT Act could not be renewed in late 2005 because of sharp partisan differences over domestic wiretapping. Likewise, programs may cancel each other out. For example, progressive (if increasingly so) federal taxes and regressive state and local taxes combine to produce a tax system in which most people pay about the same proportion of their income as tax. The surgeon general's antismoking policies and the Department of Agriculture's tobacco subsidies attempt to please both pro- and anti-tobacco interests. The apparent inability or unwillingness of policymakers to choose among options means that policies will be incoherent, and the process continues seemingly without any closure. It also means that because potential conflicts are resolved by offering every interest in society some support from the public sector, taxes and expenditures are higher than they might otherwise be.

I have already mentioned the divisions that exist in American government. I now look at the more important dimensions of that division and the ways in which they act and interact to affect policy decisions and real policy outcomes for citizens. "Divided government" and "gridlock" have become standard descriptions of American government, and their impact, as well as that of federalism, must be considered in analyzing the way in which policy emerges from the political system. But we should be careful to understand the extent to which gridlock really exists as more than simply a convenient description of institutional conflict. We need to question the extent to which gridlock will be reduced or eliminated when, as after the 2008 elections, the presidency and Congress are controlled by the same party.

Federalism

The most fundamental division in American government traditionally has been federalism, or the constitutional allocation of governmental powers between the federal and state governments. This formal allocation at once reserves all powers not specifically granted to the federal government to the states (Ninth and Tenth Amendments) and establishes the supremacy of federal law when there are conflicts with state and local laws (Article 6). Innumerable court cases and, at least in part, one civil war have resulted from this somewhat ambiguous division of powers among levels of government.

By the first years of the twenty-first century American federalism had changed significantly from the federalism described in the Constitution. The original constitutional division of power assumed that certain functions of government would be performed entirely by the central government and other functions would be carried out by state or local governments. In this "layer cake" federalism, or "separated powers model," the majority of public activities were to be performed by subnational governments, leaving a limited number of functions, such as national defense and minting money, as the responsibility of the federal government. As the activities of government at all levels expanded, the watertight separation of functions broke down, and federal, state, and local governments became involved in many of the same activities. The layer cake then was transformed into a marble cake, with the several layers of government still distinct but no longer horizontally separated from one another. This form of federalism still involved intergovernmental contacts through central political officials. The principal actors were governors and mayors, and intergovernmental relations remained on the level of high politics, with the representatives of subnational governments acting almost as ambassadors from sovereign governments and as supplicants for federal aid. Furthermore, in this form of federalism the state government retained its role as intermediary between the federal government and local governments.

Federalism evolved further from a horizontal division of activities into a set of vertical divisions. Whereas functions were once neatly compartmentalized by level of government, the major feature of "picket fence" federalism is the development of policy subsystems defined by policy rather than level of government. Thus far-reaching decisions about health policy are made by specialized networks involving actors from all levels of government and from the private sector. Those networks, however, may be relatively isolated from other subsystems making decisions about highways, education, or whatever. The principal actors in these subsystems are not political leaders but administrators and substantive policy experts. Local health departments work with state health departments and with the Department of Health and Human Services (HHS) in Washington in making health policy, and these experts are not dependent on the intervention of political leaders to make the process function. This form of federalism is as much administrative as it is political, and it is driven by expertise as much as by political power.

In many ways, it makes little sense to discuss federalism in its original meaning; it has been argued that contemporary federalism is as much façade as picket fence. A term such as intergovernmental relations more accurately describes the complex crazy quilt of overlapping authority and interdependence among levels of government than does a more formal, constitutional term such as federalism. In addition to being more oriented toward administrative issues than high
The nature of public policy

Intergovernmental relations are more functionally specific and lack the coherence that might result if higher political officials were judged to be involved in the principal decisions. Thus, as with much of the rest of American politics, intergovernmental relations often are without the mechanisms that could generate effective policy control and coordination.

Despite the complexity, overlap, and incoherence that exist in intergovernmental relations, one can still argue that centralization of control in the federal government is increasing. The degree of independence of state and local governments' financial support for their services has varied over the past several decades. The Reagan administration reduced federal support for state and local activities, especially social services, but the level of federal support has been rising back up (see Table 2.1). Along with financing, there has been increased federal control over local government activities. In some cases, this control is absolute, when the federal government mandates equal access to education for those with disabilities or establishes water quality standards for sewage treatment facilities. In other instances, the controls on state and local governments are conditional, based on the acceptance of a grant: If a government accepts the money, it must accept the controls accompanying that money.

In general, the number and importance of mandates on state and local governments and the conditions attached to grants have been increasing. For example, the Department of Health and Human Services threatened to cut off funding for immunization and other public health programs in states that did not implement restrictions on procedures performed by doctors and dentists on patients with AIDS. Even the existence of many federal grant programs may be indicative of subtle control from the center, inasmuch as they direct the attention, and, specially, the money, of local governments in directions they might not otherwise have chosen.

In addition to controls exercised through the grant process, the federal government has increased its controls over subnational governments through intergovernmental regulation and mandating. Regulations require the subnational governments to perform a function such as wastewater treatment, whether or not there is federal money available to subsidize the activity. These regulations are certainly intrusive and can be expensive for state and local governments. Even when the mandates are not expensive and are probably effective, such as the requirement that states raise the minimum drinking age to twenty-one or lose 5 percent of their federal highway money, they can still be perceived as “federal blackmail” of the states.

One part of the “Contract with America” promoted by the incoming Republican majority in Congress in 1994 was to end unfunded federal mandates, and the assault on mandates was the first section of the “contract” enacted into law. In particular, the Unfunded Mandates Reform Act of 1995 requires the Congressional Budget Office to estimate the mandated costs of legislation reported out of committee in Congress. This provision by no means outlaws federal mandates, but it does require that members of Congress at least know what they are doing to the states and localities if they pass particular legislation. That measure did not in any way affect existing mandates, nor will the federal government have to pay the bill for those. Conservatives believe that in practice the legislation has been largely toothless, while liberals believe that environmental and consumer standards are in danger of being undermined. The shift from mandates to the suggestions to control drunk driving that were part of the 1998 highways bill indicates something of a shift in attitudes about mandates—there is still some attempt to impose federal priorities, but mostly through suasion rather than direct command.

One factor complicating intergovernmental relations has been the proliferation of local governments in the United States. As fiscal constraints on local governments have caused problems for mayors and county commissioners, new local governments have been created to circumvent those restrictions. States frequently restrict the level of taxation or bonded indebtedness of local governments, but when a local government reaches its legal limit it may simply create a special authority to undertake some functions that the general-purpose local authority formerly carried out. For example, as Chicago faced severe fiscal problems in 2005, it sold its Skyway toll road to a private contractor; it leased Midway Airport to combat the financial crisis of 2008.

An average of almost 500 local governments is created every year, primarily special districts to provide services such as transportation, water, sewerage, fire protection, and other traditional local government services. The new special-purpose governments multiply the problems of coordination and may frustrate citizens who want to control tax levels but find that every time they limit the power of one government, a new one is created with more fiscal powers. They also present problems of democratic accountability. The

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**Table 2.1** Changing Levels of Federal Grants-in-Aid to State and Local Governments

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<tr>
<td>Total amount (in millions)</td>
<td>24,065</td>
<td>91,385</td>
<td>105,852</td>
<td>135,325</td>
<td>224,991</td>
<td>284,659</td>
<td>443,797</td>
</tr>
<tr>
<td>Percentage of state and local expenditures</td>
<td>29.1</td>
<td>39.9</td>
<td>29.6</td>
<td>75.2</td>
<td>31.5</td>
<td>31.3</td>
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local government policies, will almost inevitably be centralizing. Likewise, the stated interest of the government to become involved more actively in health care policy will also tend to push power in the direction of Washington.

Separation of Powers

The second division of American government exists within the federal government itself and incidentally within most state and local governments as well. The Constitution distributes the powers of the federal government among three branches, each capable of applying checks and balances to the other two. In addition to providing employment for constitutional lawyers, this division of power has a substantial impact on public policies. In particular, the number of "veto points" in the federal government alone makes initiating any policy difficult and preventing change relatively easy. It also means, as I mentioned when discussing the incoherence of American public policy, that the major task in making public policy is forming a coalition across a number of institutions and levels of government. Without "legislating together" in such a coalition, either nothing will happen, or the intentions of a policymaker will be modified substantially in the policy process.

The president, Congress, and the courts are constitutionally designated institutions that must agree to a policy before it can be fully legitimated. The bureaucracy, although it is only alluded to in the Constitution, is now also a force in the policy process with which elected politicians must contend. Despite its conservative and obstructionist image, the bureaucracy is frequently the institution most active in promoting policy change, as a result of government workers' close connections with the individuals and interests to which they provide services. The bureaucracy is also given latitude to elaborate congressional legislation, as well as to adjudicate the application of laws within each policy area.

The bureaucracy, or more properly, the individual agencies of which it is composed, has interests that can be served through legislation. The desired legislation may only expand the budget of an agency, but it usually has a broader public policy purpose as well. Administrative agencies can, if they wish, also impede policy change or even block it entirely. Almost every elected or appointed politician has experienced delaying tactics by nominal subordinates who disagree with a policy choice and want to wait until the next election or cabinet change to see if someone with more compatible policy priorities will come into office. The permanence of the bureaucrats, along with their command of technical details and of the procedural machinery, provides bureaucratic agencies much more power over public policies than one would assume from reading formal descriptions of government institutions. It has become increasingly evident that agencies may drive the congressional agenda almost as much as Congress shapes the agenda of the agencies.

The Obama administration has as yet made few comments on the sort of federalism that it would find most congenial, in large part because it faces so many other pressing issues. The fiscal crisis, and the need to support state and local governments, are not the only issues. The administration has been slow to move beyond an adversarial posture toward the states.
The institutional separation in American government has led to a number of critiques based on the concept of “divided government.” These critiques argue that American government is incapable of being the decisive governance system required in the twenty-first century and that some means must be found of generating coherent decisions. This has been an issue especially when the presidency and Congress have been controlled by different political parties, as they were during the later part of George W. Bush’s presidency. The president’s increasing unpopularity toward the end of his term also produced conflicts within the Republican Party that made the presidential agenda more difficult to enact. Despite the impacts of divided government, David Mayhew, Charles O. Jones, and other scholars have argued that the system can govern effectively because it is capable of making decisions and even of rapid policy innovation.

Whether the policymaking system is efficient or not, one principal result of the necessity to form coalitions across a number of institutions is the tendency to produce small, incremental changes rather than major revamping of policies. This might be described as policymaking by the lowest common denominator. The need to involve and placate all institutions within the federal government—including the many component groups of individuals within each—and perhaps state and local governments as well means that only rarely can there be more than minor changes in the established commitments to clients and producer groups if the policy change is to be successful. The resulting pattern of incremental change has been both praised and damned. It has been praised for providing stability and limiting the errors that might result from more significant shifts in policy. If only small policy changes are made, and those changes do not stray far from previously established paths, it is unlikely that major mistakes will be made.

The jiggling and poking of policies characteristic of incremental change is perfectly acceptable if the basic patterns of policy are acceptable, but in some areas, such as health care and mass transportation, a majority of Americans have said (at least in polls) that they would like some significant changes from the status quo. The existing system of policymaking appears to produce major desired changes only with great difficulty; the increasing partisanship in Congress has made change even more difficult. In addition, the reversibility of small policy changes, assumed to be an advantage of incrementalism, is often overstated. Once a program is implemented, a return to the conditions that existed before the policy choice is often difficult. Clients, employees, and organizations are created by any policy choice, and they usually will exert powerful pressures for the continuation of the program.

The division of American government by the constitutional separation of powers doctrine creates a major institutional confrontation at the center of the federal government. Conflicts between the president and Congress over such matters as war powers, executive privilege, and the budget also test and redefine the relative powers of institutions. These conflicts became more apparent in 2005 with revelations of the use of presidential authority to wiretap Americans’ phones without a judicial warrant, as well as other uses of the fight against terrorism to justify increased presidential action. Is the modern presidency inherently imperial, or is it still subject to control by Congress and the courts? Does too much checking by each institution of the others generate gridlock and indecision?

Likewise, can the unelected Supreme Court have as legitimate a rule-making role in the political system as the elected Congress and president? Do the regulations made by the public bureaucracy really have the same standing in law as the legislation passed by Congress or decrees coming from the court system? These questions posed by the separation of powers doctrine influence substantive policy as well as relationships among the institutions.

Subgovernments

A third division within American government cuts across institutional lines within the federal government and links it directly to the “picket fence” of federalism. The results of this division have been described variously as “iron triangles,” “cozy little triangles,” “whirlpools,” and “subgovernments.” The underlying phenomenon that these terms describe is that the federal government rarely acts as a unified institution making integrated policy choices but tends instead to endorse the decisions made by portions of the government. Each functional policy area tends to be governed as if it existed in splendid isolation from the remainder of government, and frequently the powers and legitimacy of government are used to advance individual or group interests in society, rather than a broader public interest.

Three principal actors are involved in the iron triangles still so relevant for explaining policymaking in the United States. The first is the interest group, which wants something from government, usually a favorable policy decision, and must attempt to influence the institutions that can act in its favor. Fortunately for the interest group, it usually need not influence all of Congress or the entire executive branch but only the relatively small portion concerned with its particular policy area. For example, tobacco growers who want continued or increased crop support need not influence the entire Department of Agriculture but only those within the Agricultural Stabilization and Commodity Service who are directly concerned with their crop. Likewise, in Congress (although the heightened politicization of the smoking issue requires a somewhat different strategy) they need only influence the Tobacco Subcommittee of the House Agriculture Committee, the Senate Subcommittee on Agricultural Production and Stabilization of Prices, and the Rural Development, Agriculture,
and Related Agencies Subcommittees of the Appropriations Committees in the Senate and House. In addition to the usual tools of information and campaign funds, interest groups have an important weapon at their disposal: votes. They represent organizations of interested individuals and can influence, if not deliver, votes for a representative or senator. Interest groups also have research staffs, technical information, and other support services that, although their outputs must be regarded with some skepticism, may be valuable resources for members of Congress or administrative agencies seeking to influence the policy process.

The second component of these triangular relationships is the congressional committee or subcommittee. These bodies are designated to review suggestions for legislation in a policy area and to make recommendations to the whole Senate or House of Representatives. An appropriations subcommittee’s task is to review expenditure recommendations from the president, then to make its own recommendations on the appropriate level of expenditures to the entire committee and to the whole chamber. Several factors combine to give these subcommittees substantial power over legislation. First, subcommittee members develop expertise over time, and they are often regarded as more competent to make decisions concerning a policy than the whole committee or the whole house. Norms have also been developed that support subcommittee decisions for less rational, and more political, reasons. If the entire committee or the entire house were to scrutinize any one subcommittee’s decisions, it would have to scrutinize all such decisions, and then each subcommittee would lose its powers. These powers are important to individual Congress members because each wants to develop his or her own power base in a subcommittee or perhaps even the entire committee. The time limitations imposed by the huge volume of policy decisions that Congress makes each year also mean that accepting a subcommittee’s decision may be a rational means of reducing the workload of each individual legislator.

Congressional subcommittees are not unbiased; they tend to favor the very interests they are intended to oversee and control. The reason is largely that the Congress members serving on a subcommittee tend to represent constituencies whose interests are affected by the policy in question. As one analyst argued, “A concerted effort is made to ensure that the membership of the subcommittee is supportive of the goals of the subgovernment.” For example, in 2006 the members of the Energy and Mineral Resources Subcommittee of the House Resources Committee included representatives from the energy-producing states of Texas (2), California, Virginia, Louisiana, West Virginia, Alaska, Pennsylvania, Wyoming, and Oklahoma and from the mining states of New Mexico and Utah; there was also one representative from Maine. This pattern is not confined to natural resources. The Housing and Community Development Subcommittee of the House Banking, Finance, and Urban Affairs Committee has representatives from all the major urban areas of the United States.

These patterns of committee and subcommittee membership are hardly random; they enhance the ability of Congress members to deliver certain kinds of benefits to constituents, as well as the members’ familiarity with the substantive issues of concern to their constituents. Subcommittee members also develop patterns of interaction with the administrative agencies over which they exercise oversight. Individual members of Congress and agency officials may discuss policy with one another and meet informally. As both parties in these interactions tend to remain in Washington for long periods, the same Congress members and officials may interact for many years. The trust, respect, or simple familiarity this interaction produces further cements the relationships between committee members and agency personnel, and it also tends to insulate each individual policy area from meddling by outside interests.

Obviously, the third component of the iron triangle is the administrative agency, which, like the pressure group, wants to promote its interests through the policymaking process. The principal interests of an agency are its survival and its budget. The agency need not be, as is often assumed, determined to expand its budget—it may wish merely to retain its fair share of the budget pie as it expands or contracts. Agencies are not entirely self-interested; they also have policy ideas that they wish to see translated into operating programs, and they need the action of the congressional committee or subcommittee for that to happen. They also need the support of organized interests in the process.

Each actor in an iron triangle needs the other two to reach its goal, and the style that develops is symbiotic. The pressure group needs the agency to deliver services to its members and to provide a friendly point of access to government. The agency needs the pressure group to mobilize political support for its programs among the affected clientele. Letters from constituents to influential representatives and senators must be mobilized to argue that the agency is doing a good job and could do an even better job if given more money or a certain policy change. The pressure group needs the congressional committee again as a point of access and as an internal advocate in Congress. And the committee needs the pressure group to mobilize votes for its members and to explain to group members how and why they are doing a good job in Congress. The pressure group can also be a valuable source of policy ideas and research for busy politicians. Finally, the committee members need the agency as an instrument for producing services to their constituents and for developing new policy initiatives. The agency has the research and policy analytic capacity that Congress members often lack, so committees can profit from their association with the agencies. And the agency obviously needs the committee to legitimize its policy initiatives and provide it with funds.

All the actors involved in a triangle have similar interests. In many ways they all represent the same individuals, variously playing the roles of voter, client, and
organization member. Much of the domestic policy of the United States can be explained by the existence of functionally specific policy subsystems and by the absence of effective central coordination. This system of policymaking has been likened to feudalism, with the policies being determined not by any central authority but by aggressive subordinates—the bureaucratic agencies and their associated groups and committees. Both the norms of policymaking and the time constraints of political leaders tend to make central coordination and policy choice difficult. The president and his staff (especially the Office of Management and Budget) are in the best organizational position to exercise such control, but the president must serve political interests, just as Congress must, and he faces an even more extreme time constraint. Thus, decisions are rarely reversed once they have been made within the iron triangle, except in a crisis. For example, following the 2001 terrorist attacks there was pronounced movement toward greater presidential control over a range of organizations and less separation among the policy subsystems. That change was most pronounced in the area of “homeland defense,” but to some degree all organizations in government have become less particularistic.

One effect of the subdivision of government into a number of functionally specific subgovernments is the incoherence in public policy already mentioned. Virtually all societal interests are served through their own agencies, and there is little attempt to make overall policy choices for the nation. These functional subgovernments at the federal level are linked with functional subsystems in intergovernmental relations—the picket fences described earlier. The result of this segmentation of decision making is that local governments and citizens alike may frequently receive contradictory directives from government and may become confused and cynical about the apparent inability of their government to make up its mind.

A second effect of the division of American government into a number of subgovernments is the involvement of a large number of official actors in any one policy area. The proliferation of actors is in part a recognition of the numerous interactions within the public sector, and between the public and private sectors, in the formulation and implementation of any public policy. For an issue area such as health care, the range of organizations involved cannot be confined to those labeled “health” but must expand to include consideration of the social welfare, nutrition, housing, education, and environmental policies that may have important implications for citizens’ health. But the involvement of an increasing number of public organizations in each issue area also reflects the lack of central coordination, which allows agencies to gain approval from friendly congressional committees for expansion of their range of programs and activities.

From time to time a president will attempt to streamline and rationalize the delivery of services in the executive branch, and in the process he generally encounters resistance from agencies and their associated interest groups. For example, when creating the cabinet-level Department of Education, President Jimmy Carter sought to move the educational programs of the (then) Veterans Administration into the new department. In this attempt he locked horns with one of the best organized and most powerful iron triangles in Washington—the Veterans Administration, veterans organizations, and their associated congressional committees. The president lost. Subsequently the veterans lobby was sufficiently powerful to have the VA elevated to a cabinet-level department. Presidents do not always lose: President Clinton was able to downsize or eliminate several organizations during implementation of his National Performance Review, including several that had substantial political clienteles. George W. Bush also was successful in a massive reorganization to create the Department of Homeland Security, but that reform has not produced most of the results desired. It appears that there has been substantial internal conflict over policy and reduced effectiveness in some areas. The administration of George W. Bush attempted to use performance management techniques to improve control over agencies, with at best limited success.

As easy as it is to become enamored of the idea of iron triangles in American government—they do help explain many of the apparent inconsistencies in policy when viewed broadly—there is some evidence that the iron in the triangles is becoming rusty. More groups are now involved in making decisions, and it is more difficult to exclude interested parties, leading Charles O. Jones to describe the current pattern as “big sloppy hexagons” rather than “cozy little triangles.” For example, debates over health care reform include not just representatives of the medical professions, the hospitals, and health insurers but a range of other interests such as small businessmen, organized religion, and organized labor. A simple Internet search on most any policy issue will reveal a wide range of groups expressing their views and attempting to influence public—and congressional—opinion.

The concepts of issue networks and policy communities involving large numbers of interested parties, each with substantial expertise in the policy area, now appear more descriptive of policymaking in the United States as well as other industrialized democracies. These structures of interest groups surrounding an issue are less unified about policy than were the iron triangles, and they may contain competing ideas and types of interests to be served through public policy—the tobacco subsystem may even be invaded by health care advocates. There has been some rusting of the iron in the triangles, but the indeterminacy and lack of coherence of networks make them less valuable in the day-to-day work of governing. As important as the network idea has been for explaining changes in federal policymaking, it does not detract from the basic idea that policymaking is very much an activity that occurs within subsystems.
American government, although originally conceptualized as divided horizontally into levels, is now better understood as divided vertically into a number of expert and functional policy subsystems. These virtually feudal subsystems divide the authority of government and attempt to appropriate the mantle of the public interest for their own more private interests. Few of the actors making policy, if any, have any interest in altering these stable and effective means of governing. The system is effective politically because it results in the satisfaction of most interests in society. It also links particular politicians and agencies with the satisfaction of those interests, thereby ensuring their continued political success.

The basic patterns of decision making in American politics are logrolling and the pork barrel, through which, instead of clashing over the allocation of resources, actors minimize conflict by giving each other what they want. For example, instead of contending over which river and harbor improvements will be authorized in any year, Congress has tended to approve virtually all proposals, so that all members can claim to have produced something for the folks back home. Or Congress members from farming areas may trade positive votes on urban development legislation for support of farm legislation by inner-city Congress members. This pattern helps incumbents to be reelected, but it costs taxpayers a great deal more than would a more selective system.

Table 2.2 Per Capita Appropriations in Highway Bill of 2005, by Representation on Congressional Transportation Committees

<table>
<thead>
<tr>
<th>No representatives</th>
<th>One representative</th>
<th>Multiple representatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>$31.78</td>
<td>$43.56</td>
<td>$48.36</td>
</tr>
</tbody>
</table>

Although logrolling tends to spread benefits widely, being directly involved in the decision-making subsystem tends to produce more benefits for Congress members and their constituents. That could be seen easily in the distribution of funds from the 2005 SAFE Transportation Equity Act. This act provided a good deal of highway spending for all the American states but tended to favor the states and congressional districts represented on the transportation committees in both houses of Congress (see Table 2.2). The most famous example of this pork barrel spending was a bridge to a sparsely populated island in Alaska, which became a symbol of federal waste and congressional excess. Also, the adding of “earmarks,” or special spending provisions for constituencies, to bills has come under increased scrutiny following the 2006 investigations of lobbying.

Logrolling and pork barrel policymaking are very effective as long as there is sufficient wealth and economic growth to pay for subsidizing large numbers of public programs. Nevertheless, this pattern of policymaking was one (but by no means the sole) reason for the federal government’s massive deficits in the 1980s and early 1990s, which have returned in recent years, and it appears that it can no longer be sustained comfortably. Various attempts at budget reform have endeavored to make pork barrel politics more difficult to pursue. In particular, the “PAYGO” system in Congress, by requiring consideration of alternative uses of money or an alternative source of revenue, made it more difficult, at least for a while, for Congress to spend (see chapter 7). Given the divisions within American government, however, it is difficult for the policymaking system as a whole to make the choices among competing goals and competing segments of society that would be necessary to stop the flow of red ink from Washington.

Public and Private

The final qualitative dimension of American government that is important in understanding how contemporary policy is made is the increasing confusion of public and private interests and organizations. These two sets of actors and actions have now become so intermingled that it is difficult to ascertain where the boundary between the two sectors lies. The leakage across the boundary between the public and private sectors, as artificial as that boundary may be, has been occurring in both directions. Activities that once were almost entirely private now have greater public sector involvement, although frequently through
quasi-public organizations that mask the real involvement of government. Functions that are nominally public have significantly greater private sector involvement. The growth of institutions for formal representation of interest groups and for implementation of policy by interest groups has given those groups perhaps an even more powerful position in policymaking than that described in the discussion of iron triangles. Instead of vying for access, interest groups are accorded access formally and can exert a legitimate claim to their position in government.

The other major component of change in the relationship between public and private has been the privatization of public activities. The United States traditionally has had an antigovernment ethos; that set of values was articulated strongly, and the positive role of the federal government was minimized, during the 1980s. At the state and local levels a large number of functions—hospitals, garbage collection, janitorial services, and even prisons—have been contracted out or sold off as a way to reduce the costs of government. In the administration of George W. Bush the most evident privatization trend was the opening of federal land to private mining and forestry.

The blending of public and private is reflected to some degree in employment. Table 2.3 shows public employment in twelve policy areas, as well as the changes that occurred from 1970 to 2000. By 1980, for example, only education comprised more than 80 percent public employees, and that percentage was dropping. Even two presumed public monopolies—defense and police protection—had significant levels of private employment. The two policy areas differ, however, in the form of private employment. Defense employment in the private sector is in the production of goods and services that the armed forces use, whereas in policing a number of private policemen actually provide the service.

The development of mechanisms for direct involvement of interest groups in public decision making is frequently referred to as corporatism or neocorporatism. The terms refer to the representation in politics of members of the political community not as residents of a geographical area but as members of functionally defined interests in the society—labor, management, farmers, students, the elderly, and so forth. Associated with this concept of representation is the extensive use of interest groups both as instruments of input to the policy process and as means of implementing public policies. The United States is a less corporatist political system than most industrialized democracies but still has corporatist elements. Most urban programs mandate the participation of community residents and other interested parties in decision making. Crop allotment programs of the U.S. Department of Agriculture have used local farmers' organizations for monitoring and implementation for some time, and fishing quotas are negotiated with local fishery management councils. County medical societies have been used as professional service review organizations for Medicare and

| Table 2.3 Percentages of Public Employment in Selected Policy Areas, 1980–2005 |
|-------------------------------|---|---|---|---|
| Education                    | 85   | 83   | 82   | 80   |
| Postal service*              | 73   | 70   | 62   | 58   |
| Highways*                    | 68   | 62   | 61   | 37   |
| Tax administration*          | 57   | 55   | 40   | 37   |
| Police*                      | 60   | 56   | 55   | 56   |
| Defense*                     | 39   | 62   | 63   | 64   |
| Social services†             | 35   | 32   | 23   | 22   |
| Transportation               | 31   | 34   | 31   | 32   |
| Health                       | 30   | 37   | 33   | 34   |
| Gas/electricity/water        | 27   | 24   | 17   | 13   |
| Banking*                     | 1    | 1    | 1    | 1    |
| Telecommunications            | 1    | 1    | 1    | 1    |

Sources: Bureau of the Census, Census of Governments, quinquennial; Department of Defense, Defense Manpower Statistics, annual; Employment and Training Administration, Annual Report.

a. Private sector counterparts are employees of private services, couriers, etc.
b. Private sector counterparts are employed by highway construction contracting firms.
c. Private sector counterparts are tax accountants and staffs, H&R Block employees, etc., some only seasonal.
d. Private sector counterparts are security guards, private policemen, etc.
e. Private sector counterparts are employed by military suppliers.
f. Private sector counterparts are employed in social work and philanthropy, many only part-time.
g. In 2009 proportion will have increased because of bailout of banks.

Medicaid, checking on the quality and cost of services, and medical and legal associations license practitioners on behalf of government. In addition, as of the early twenty-first century there were approximately 6,500 advisory bodies in the federal government, many containing substantial interest group representation.

A number of other organizations also implement public policy. For example, when cabin attendants in an airplane require passengers to fasten their seat belts, they are implementing Federal Aviation Administration policies. Universities are required to help implement federal drug policies (by requiring statements of non-use by new employees) and federal immigration policies (by requiring certification of citizenship or immigration status). Manufacturers of numerous products must implement federal safety and environmental standards (e.g., installing seat belts and pollution-control devices in automobiles) or they cannot sell their products legally.
The increasing use of quasi-public organizations, changes in the direction of limited corporatist approach to governance in the United States, and privatization (largely through contracting) raise several questions concerning responsibility and accountability in government. These changes involve the use of public money and, more important, the name of the public by groups and for groups that may not be entirely public. In an era when citizens appear to be attempting to exercise greater control over their governments, the development of these forms of policymaking “at the margins of the state” may be an understandable response to financial constraints but may exacerbate underlying problems of public loss of trust and confidence in government.

The Size and Shape of the Public Sector

We have looked at some qualitative aspects of the contemporary public sector in the United States. What we have yet to do is examine the size of that public sector and the distribution of funds and personnel among the various purposes of government. As was pointed out, drawing clear distinctions between public and private sectors in the mixed-economy welfare state is difficult, and growing more difficult, but we will concentrate on the expenditures and personnel that are clearly governmental. As these figures include only those expenditures and employees that are clearly public, they inevitably underestimate the size and importance of government in the United States. The understatement is perhaps greater for the United States than would be the case for other countries because of government’s attempts to hide the extent of its involvement in the private sector.

Table 2.4 contains information about the changing size of the public sector in the United States since the post–World War II era and the changing distribution of expenditures and employment.54 Most obvious in this table is that the public sector in the United States has indeed grown, with expenditures increasing from less than one-quarter to more than one-third of gross national product. Likewise, public employment has increased from 11 percent of total employment to over 15 percent. The relative size of the public sector, however, has decreased from the mid-1970s, especially in terms of the percentage of employment. Although the number of public employees increased by over four million from 1994 to 2007, government’s share of total employment declined slightly, despite the increasing employment at the state and local levels. Government in the United States is large, but it does not appear to be the ever-increasing Leviathan that its critics portray it to be.55

It is also evident that growth levels of public expenditures are more than twice as large, relative to the rest of the economy, as public employment figures. Public expenditures as a share of gross national product have continued to increase slightly. The differences relative to the private sector and the differences

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal</th>
<th>State and local</th>
<th>Total</th>
<th>Federal</th>
<th>State and local</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>2,117</td>
<td>4,285</td>
<td>6,402</td>
<td>$44,800</td>
<td>$25,534</td>
<td>$70,334</td>
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<tr>
<td>1960</td>
<td>2,421</td>
<td>6,387</td>
<td>8,808</td>
<td>97,280</td>
<td>54,008</td>
<td>151,288</td>
</tr>
<tr>
<td>1970</td>
<td>2,880</td>
<td>10,147</td>
<td>13,028</td>
<td>208,190</td>
<td>124,795</td>
<td>332,985</td>
</tr>
<tr>
<td>1975</td>
<td>2,890</td>
<td>12,083</td>
<td>14,973</td>
<td>341,517</td>
<td>218,612</td>
<td>560,129</td>
</tr>
<tr>
<td>1980</td>
<td>2,876</td>
<td>13,315</td>
<td>16,191</td>
<td>576,700</td>
<td>433,128</td>
<td>1,009,828</td>
</tr>
<tr>
<td>1990</td>
<td>3,105</td>
<td>14,976</td>
<td>18,081</td>
<td>1,243,125</td>
<td>976,311</td>
<td>2,219,436</td>
</tr>
<tr>
<td>2000</td>
<td>2,799</td>
<td>17,506</td>
<td>20,305</td>
<td>1,689,300</td>
<td>1,720,899</td>
<td>3,420,200</td>
</tr>
<tr>
<td>2006</td>
<td>2,695</td>
<td>19,327</td>
<td>22,022</td>
<td>2,635,200</td>
<td>1,898,200</td>
<td>4,533,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>As percentage of total employment</th>
<th>As percentage of GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>3.6</td>
<td>15.7</td>
</tr>
<tr>
<td>1960</td>
<td>3.7</td>
<td>19.2</td>
</tr>
<tr>
<td>1970</td>
<td>3.7</td>
<td>21.2</td>
</tr>
<tr>
<td>1975</td>
<td>3.4</td>
<td>22.5</td>
</tr>
<tr>
<td>1980</td>
<td>2.9</td>
<td>20.0</td>
</tr>
<tr>
<td>1990</td>
<td>2.6</td>
<td>23.2</td>
</tr>
<tr>
<td>2000</td>
<td>2.1</td>
<td>16.7</td>
</tr>
<tr>
<td>2006</td>
<td>2.0</td>
<td>17.0</td>
</tr>
</tbody>
</table>

Source: Statistical Abstract of the United States, annual.

a. Does not include federal monies passed through grant programs to states and localities for final expenditure at state and local levels.

in the patterns of change are largely the results of transfer programs, such as Social Security, which involve the expenditure of large amounts of money but require relatively few administrators. In addition, purchases of goods and services from the private sector (for example, the Department of Defense’s purchases of weapons from private firms) involve the expenditure of large amounts of money (over $260 billion in 2006) but generate little or no employment in the public sector. In 1988, however, those purchases created approximately 2.1 million jobs in the private sector, a figure similar to the number of people then in the armed forces. From these data it appears that some portions of “big government” in the United States are more controllable than others, even during the eight-year term of a popular president determined to reduce the size of the public sector.

The distribution of expenditures and employment among levels of government also has been changing. In 1950 the federal government spent 64 percent of all public money and employed 33 percent of all public employees. By 2006,
produced little increase, or actual decreases, in public spending for social programs. There was a slight relative decrease in social spending from 1980 to 1992—in part a function of increasing expenditures for other purposes, such as interest on the public debt—but sustained decreases remain difficult to obtain. Most social programs are entitlement programs, and once a citizen has been made a recipient of benefits, or has made the insurance contributions to Social Security, future governments find it difficult to remove those benefits. This is especially true of programs for the retired elderly, as they cannot be expected to return to active employment to make up losses in benefits, and unfortunately for budget cutters, public expenditures are increasingly directed toward the elderly. For example, in 2007 approximately 50 percent of the federal budget went to programs (Social Security, Medicare, housing programs, and so forth) for the elderly. As the American population continues to grow older, spending for this social group will increase. What is true in particular for the elderly is true in general for all entitlement programs, and reducing the size of the government’s social budget will be difficult indeed.

We have been concentrating attention on public employment and public expenditures as measures of the size of government, but we should remember that government influences the economy and society through a number of other mechanisms as well. For example, the federal government sponsors a much larger housing program through the tax system—through the tax deductibility of mortgage interest and property taxes—than it does through the Department of Housing and Urban Development (see Table 10.3). Government also provides a major education program of guaranteed and subsidized student loans that shows up only indirectly in figures on public spending.

In the United States, because of the generally anti-statist views of many citizens, regulation has been the major form of government intervention into the economy, rather than the more direct mechanisms used in other countries. The regulatory impact of government on the economy can be counted in the billions of dollars—one estimate was more than $21,000 per household in 2000. Reliance on such indirect methods of influence was heightened by the conservative Congresses over the past fifteen years, although the George W. Bush administration eliminated a number of environmental and health regulations. The conservatives in Congress were, however, successful in creating requirements for government to report the estimated cost of its regulations. As governments continue to find less-intrusive ways of making and implementing policy, using loans rather than expenditures for example, assessing the size, shape, and impact of government in the United States based solely on public spending figures and public employment becomes less and less accurate.

The first decade of the twenty-first century has been one of extremely dramatic change in the role of the public sector in the United States. The economic
risis created by the failures of a number of banks has produced the largest expansion of federal power, and spending, since Franklin Roosevelt's New Deal. The federal government has assumed effective ownership of a number of banks and has embarked on massive public spending in an attempt to revive the economy. This large-scale spending may undermine attempts to promote a national health program and to enhance the performance of the educational program.

Summary

American government in the new century is large, complex, and to some degree unorganized. Each individual section of government, be it a local government or an agency of the federal government, tends to know clearly what it wants, but the system as a whole lacks overall coordination, coherence, and control. Priority setting is not one of the strongest features of American government. An elected official coming to office with a commitment to give direction to the system of government will be disappointed in the extent of his or her ability to produce desired results, by the barriers to policy success, and by the relatively few ways in which the probability of success can be increased. These difficulties, however, may be compensated for by the flexibility and multiple opportunities for citizen inputs characteristic of American government.

Despite the problems of coordination and control and the tradition of popular distrust of government, contemporary American government is active. It spends huge amounts of money and employs millions of people to perform a bewildering variety of tasks. These activities are not confined to a single level of government; all three levels of government are involved in making policy, taxing, spending, and delivering services. This activity is the reason why the study of public policy is so important. It is a means of understanding what goes on in the United States and why government does the things it does. The emphasis in this book is on the processes through which policy is made. All next portion of this book is on the processes through which policy is made. All governments must follow many of the same procedures when they make policy: governments must consider issues, formulate policy responses to problems, evaluate results, and change programs that are not producing the desired results. American governments do all these things, but they do them in a distinctive way and produce distinctive results.

CHAPTER 3
Explaining Policy Choices

Most of this book describes the stages of the policy process and individual policy areas. In each of the descriptive components of the book there are implied ways of explaining how decisions are made and why policies are adopted in the way that they are. The stages model of policy, for example, assumes that the process of making policy plays a significant part in determining the outcome. This simple explanation has a great deal of validity, given that at each stage of the process certain types of solutions will have a better chance than others of being successful. At the implementation stage, for example (see chapter 6), policies that require fewer independent decisions and that have more robust instruments available are more likely to be successful than more complex policies.

Although the stages model is a useful heuristic, it is but one of several explanations of how decisions can, and should, be made when making policy. Some of these models are based on economic reasoning and make strong assumptions about optimal policies. Optimality may not be achieved in the "real world" of making policy, but the optimal models are a useful standard against which to compare the results of actual policy processes. The majority of the models I will discuss, however, will be political models that attempt to explain how political forces and political institutions shape choices.

Power and Public Policy

Power is fundamental to all models of policymaking, including the stages model. Many scholars would argue that the simplest way to understand policymaking or any other form of political activity is to understand who has the power to make things happen. So, if we want to understand why a law is adopted in a particular manner in Congress, or is implemented in a particular way within the bureaucracy, we need to identify who has the power and therefore can make other actors comply with their wishes. Although power is to some extent a function of formal positions in government—the presidency, for example—it also may be a function